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Haven Report

La Bahía De Navidad, México:
A Winter Paradise...

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Live and Invest
OVERSEAS

Bahia de Navidad, Mexico



La Bahía de Navidad, México — A Winter Paradise

By Mike Anderson

With young surfers pirouetting waves on the bay side of the sand bar and children splashing on the lagoon side, I had to close my eyes to imagine that this was once a booming naval port; that 450 years ago, five tall mast ships carrying 500 Spanish soldiers sailed out of the lagoon on an expedition that secured the conquest and 333-year exploitation of the Philippines.

After the Spanish were ejected from Mexico in 1821, Barra de Navidad evolved into a sleepy fishing and farming village until it was discovered in the mid-1900s by Mexican vacationers and, more recently, by Canadian snowbirds. The *Bahía de Navidad* (Christmas Bay) is a beautiful, sweeping, crescent-

shaped bay and beach located on the *Costa Alegre* (Happy Coast) on Mexico's Pacific seaboard. Barra de Navidad, at the southeast end of the bay, shares the beach with its neighbor, Melaque, on the northwest end. These two towns, separated by just a short walk across the beach, are very different. Barra de Navidad is chic, charming and upscale compared to rustic, laid-back Melaque.

The less pretentious Melaque has become the favorite of expats with its greater choice of quality restaurants, the best swimming beaches, and a lower cost of living. Both towns have their own appeal, providing a wide choice of property, activities, and entertainment for the different resident and tourist groups.

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A Melaque street scene

Deceptive First Impressions

I first saw, what I've come to call, "the special *Costa Alegre* smile" when I arrived at the first of two home exchanges in Melaque and Barra de Navidad. Having just driven eight hours (and paying about 60 dollars in road tolls from Guanajuato) I was not at my charitable best, and as the owner, Christine, showed me the house, I commented about the heat, the dusty streets, the charmless houses and other impressions of my first look at Melaque.

Christine asked me how much I really knew about the area, and the answer "this is my first visit" made that special smile spread across her face – that enigmatic look that purveys a deep understanding and knowledge of the things an outsider hasn't yet seen or experienced. I was to see that special smile several times throughout my stay and also discover why one should never judge by first impressions.

A Warm to Hot Climate

If you're a fan of warm weather, you'll love this place. The daytime temperatures in Barra de Navidad and Melaque average very warm (85°F, 29°C) to hot (91°F, 33°C) year around, with March being the coolest month and August the hottest. Higher humidity during the summer rainy season makes the temperatures feel several degrees hotter, especially if you're out in the sun, but constant offshore breezes moderate the perceived heat. Nighttime average temperatures are very pleasant, ranging from 67°F (19°C) in March to 77°F (25°C) in August. The summer rainy season runs from June to October, averaging 9 to 15 rainy days per month, September having the most rainy days. The high, perceived temperature (temperature plus humidity) of the summer months is such that many residents stay just five-to-six months here; November through April is typical.



Barra de Navidad Lagoon

Historical Highlights

The Pre-Hispanic Period

The archeological record suggests that the *Costa Alegre* area was first settled around 250 to 750 A.D. by indigenous groups (the Otomi and the Nahuatl) and other smaller tribes that drifted into the Pacific coast from central Mexico. These groups initially subsisted on maize and other local grains and vegetables, but quickly adapted to the rich sustenance provided by the ocean and lagoons. Subsequently, the Otomi were assimilated by Toltec tribes around 900 to 1154 A.D., and finally by different Chichimeca tribes around 1154 to 1428. When the Spanish arrived, various tribes, including the Aztecs, were represented on the coast. The indigenous people had developed mining for copper, gold, and silver, materials that the Spanish coveted, and they were adept at producing and decorating ceramics. Much of our knowledge of their history is derived from the remnants of their pottery. Construction was primitive; these tribes did not build the enormous temples found elsewhere in Mexico. Even in pre-Hispanic times, Barra de Navidad was an important town on the Pacific coast.

The Colonial Period

The Spanish began moving into the *Costa Alegre* by land shortly after the conquest of the Aztec kingdom in Tenochtitlan (now Mexico City) in 1521. By 1527, Spanish ships were exploring the Pacific coasts, and the Bay of Navidad was discovered around 1535. After 1540, the area between the Bay of Navidad and Manzanillo was exploited for ship building and supply for the Pacific trade, and the Bay of Navidad became a naval base. According to local legend, in 1564, an expedition left Barra de Navidad in search of China but landed in what is today called the Philippines, which became a new Spanish conquest and colony. The Spanish colonial period endured until the early 1800s, when Mexico finally won independence from Spain, and Barra de Navidad evolved into a small fishing and farming village.

Post Independence

After independence was won, Mexico remained a turbulent country during much of the 1800s, as federalists and centralists battled for control. This political turbulence disrupted commerce but otherwise did not severely impact the remote Costa Alegre. In the late 1870s, Porfirio Díaz established stability and imposed a dictatorship across Mexico. However repressive his dictatorship, Porfirio Díaz was responsible for many modernizations throughout Mexico which included expanded electric and telephone service, railways, and water works. However, his repressive governance provoked a civil war in 1910, *La Revolución*, which forced his resignation in 1911. Mexico remained unstable for another two decades, and the insecurity persisted until the center-left political party, *El Partido Revolucionario Institucional* (PRI) established a political hegemony that provided stability and the appearance of democracy up to the start of the 21st century.

Modern Bahía de Navidad



Northwest end of the bay crescent

The Bahía's Topography

The crescent-shaped *Bahía de Navidad* (Christmas Bay) has two sheltered areas: One at the far northwest end, where the cliffs and rocks curl around to protect a small section of the bay; there are often a few sailboats taking shelter there. And the other at the southern end of the bay known as *La Laguna de Barra de Navidad* (Barra de Navidad Lagoon), which is a much larger and better protected area situated inside a sturdy sandbar with a small opening to the ocean. This sandbar and lagoon provided several advantages to the south end of the bay, resulting in a vastly different class of town. The lagoon that provided shelter for the Spanish navy 450 years ago still

protects the fishing and tourist boats, and the upscale houses of modern Barra de Navidad, on one side, and the enormous resort hotel complex, Grand Bay Hotel, on the *Isla Navidad* (Christmas Island) side.



Melaque central plaza

The Towns of the Bahía

Melaque

Melaque is really three towns - Melaque, San Patricio, and Villa Obregón - known collectively as "Melaque."

Melaque town, on the northwest end, contains the tourist areas and the best beaches. Most streets in Melaque are paved with stones or paving blocks. San Patricio, in the middle, contains the downtown business areas and the plaza. Most streets in San Patricio are paved. And Villa Obregón, on the southeast end abutting *La Laguna de Tule* (the Tule lagoon) which separates Melaque from Barra de Navidad. Villa Obregón is mostly residential with dirt streets but has some interesting properties.

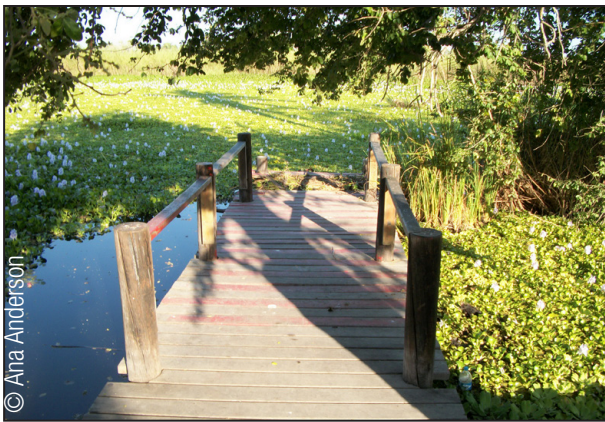
The first impression of Melaque is that the town doesn't have much charm other than the beach and beachside restaurants. The central plaza of San Patricio is passably pretty, with a few palm trees in contoured planters, a kiosk, and a fountain adorned with dolphins. None of the buildings surrounding the square are notable. The central square of Villa Obregón is quite mundane. Many houses have patios or terraces with thatched-roof *palapas* (wood-post and palm-leaf construction) that are perfectly suited for catching the ocean breezes, hanging a hammock, and grilling fish, or having a BBQ. There are a few very eccentric houses scattered throughout the town.

Much of the town has the untidy, un-kept, decayed look that is characteristic of Latin beach-towns, where the summer

heat inspires nothing but lethargy. The town's buildings and houses are mixed - there are poorly maintained houses next to nice bungalows and hotels. The touristic northwest end is cleaner, well-kept, and contains the beach shops along the central beach street, Calle Gómez Farías, starting west of the corner with López Mateos Street. As you move away from the beach, the houses become smaller and poorer. This creates a range of real estate possibilities to fit just about any budget. You can see some of them here in "[Bahía de Navidad – Houses For Sale.](#)"

Melaque is saturated with bungalows, especially close to the beach, and many restaurants. Most of the tourist-housing for the bay is in Melaque, and rents are very competitive.

But Melaque as a whole does grow on you over time, compared to Barra de Navidad where the chic-ness hits you upfront. Rustic Melaque has become the more popular of the two beach communities with part- and full-time expats and not just for its authentic Mexican character but also for the low cost of living, great swimming beaches, wide selection of restaurants, and the best grocery shopping in the area.



An inviting path to the lagoon

La Laguna de Tule

The lagoon is bounded by the beach on the ocean side and by Melaque, Barra de Navidad, and highway 200 and the mountains on the landward side. It is a protected sanctuary and a rich source of birds, plants, and aquatic wildlife including crocodiles (and mosquitoes!).

Barra de Navidad

Barra de Navidad has four main neighborhoods: The center – this includes the downtown area, the sandbar,

and the *malecón* (jetty). This neighborhood runs roughly north from the lagoon to *Avenida Puerto de la Navidad* and east from the bay to Calle Manzanillo. Almost all of the municipal services, tourist restaurants, clubs, hotels, and services are in this section.

The section of the town surrounding the three canals – this neighborhood includes the streets Tampico, Astilleros, Armada, and most of Avenida Andrés de Urdaneta. The large hotel Cabo Blanco and a small marina are located on the north side of the canals. **The canal area is, in my opinion, the standout area in Barra de Navidad.** The houses are attractive and well-maintained, each house has footage along the canal, you have sheltered space to tie-up your sailboat or motor launch, and The French Bakery Boat delivers fresh bread and pastries here!

El fraccionamiento (a generic name for sub-division) – this neighborhood runs roughly north from *Avenida Puerto de la Navidad* to *Avenida Nueva España*, and east from *Avenida Veracruz* to *Calle Fragata*. This is a residential area for middle-class Mexicans with a smattering of foreigners.

El barrio (a generic name for neighborhood) – this neighborhood runs north of *Avenida Nueva España*, and wraps around the east side of *el fraccionamiento*; this is the residential area of the poorer Mexican families.



Isla Navidad, Playa de Coco, and the Grand Bay golf course

Isla Navidad (Christmas Island)

Across the lagoon south from *Barra de Navidad*, on the *Isla Navidad*, is the massive, luxury Grand Bay Hotel. This beautiful hotel dominates the southern view from Barra de Navidad and from all parts of the lagoon. Immediately to the east of the hotel lies a large marina typically filled with the yachts of Mexico's

elite, and a lush, world class, 27-hole golf course spreads out to the southeast down the *Isla Navidad*. The *Isla Navidad* is not an island - it's a peninsula that joins the mainland at the far eastern side of the lagoon, and the Playa de Coco, the wide, long beach running for miles through adjacent beaches to Manzanillo, starts on *Isla Navidad*.



Grand Bay Hotel and yacht harbor

Future Developments

The Grand Bay Hotel is rated number one among Mexico's resort-class hotels. The presence of the hotel, and its upscale clientele, have raised the economic and service levels of tourism, and the desirability and price of real estate in Barra de Navidad. This hotel development deserves serious attention for real estate investors and developers, and for folks looking for significant mid- to long-term value appreciation. The hotel complex is owned by the seriously wealthy Mexican Leño Alvarez del Castillo family who also own the nearby Mesón Doña Paz, the hotel Cabo Blanco at the north end of the canals in Barra de Navidad, other luxury hotels in Chapala, Ajijic, and Mazamitla, and the *Universidad Autónoma de Guadalajara* (Autonomous University of Guadalajara).

The hotel complex sits right on the border between the states of Colima and Jalisco. Colima has 13 touristic developments in the planning stage for the corridor between the Grand Bay hotel, and the airport at Manzanillo. These projects include a coastal road, an eco-tourism drive, navigable canals, eco-tourism centers, and ecological reserves.

Large private development groups, organized within the *Asociación Nacional de Desarrolladores Turísticos* (National Association of Touristic Development), are planning another corridor of development in the state of Jalisco between San Blas, through Puerto Vallarta down to Barra de Navidad; the projected spend is four thousand million dollars in that area.

Work is already underway on a road from Guadalajara to the coast that will bring traffic directly to the area from Mexico's interior, and a new road from the Manzanillo airport to the Grand Bay Hotel is in the planning stage. This will facilitate new housing development on the Playa de Coco, the stretch of wide beach that runs east from the Grand Bay Hotel towards the airport.



Restaurants and shops in Barra de Navidad

The Local Economy

The local economy of the Bahía is based on tourism, agriculture, fishing, and ranching. Melaque and Barra de Navidad depend heavily on tourism. The tourist season is well-defined: The five cold months of the Northern Hemisphere's winter from November through March is the peak season when the towns are flooded with Canadian snowbirds, some Americans, and a few Europeans. During peak season, there are upwards of 10,000 visitors staying anywhere from one week to five or six months. By May, only about 500 year-around expats remain. Many of the restaurants that cater to foreigners close in April or May until September. Mexican tourists visit during school vacation and holidays during the spring, summer, and fall, injecting off-season money into the economy.

The number of foreign tourists dropped dramatically with the global recession in 2008, bottomed-out close to zero during the swine flu scare in 2009, and then recovered somewhat, though international reporting of Mexico's narco-violence has held back the recovery. Even the safest cities, such as Barra de Navidad, have been tainted by the news of the narco-violence that's committed hundreds of miles away (see "[Security in the Bahía de Navidad](#)"). Mexico's beach areas have recovered faster than interior attractions, but full recovery awaits an effective solution to the narco-violence problem. Real estate sales to foreigners followed the tourism trajectory downward,

and still remain close to bottom, providing an opportunity for savvy investors to buy good properties at a 10% to 20% discount from pre-recession prices.



Coconut plantation and cattle

Any flat countryside around the towns is occupied with coconut and banana plantations, and the coconut fields are shared with cattle. Farm vegetables and tropical fruits are grown all along the coast where the topography permits. Along with fishing, these are year-around activities.

Neither Barra de Navidad nor Melaque have heavy industry; there were a couple of small factories in Melaque, otherwise I observed small workshops and service businesses.



Bahía de Navidad – the sum of all the parts

Location and Access

The Bahía de Navidad is easily accessible on a modern road system and is about 25 minutes by car, on highway 200 from Manzanillo airport (ZLO). There are frequent daily flights to Los Angeles (Aerocalifornia), Phoenix (America West Airlines and US Airways), Mexico City (Aeromexico), Houston (United and Continental), and from just about anywhere else

through Mexico City. For Canadians, the big news is the new WestJet route from Calgary into Manzanillo, starting early November 2012, and initially flying every Friday. This cuts flying time considerably and removes the hassle of passing through U.S. customs just to get a connecting flight. Taxi service to the airport costs about 300 pesos from Melaque or Barra de Navidad.

Melaque and Barra de Navidad have good inter-city first-class bus service (Primera Plus) to nearby and major cities - Manzanillo, Colima, Puerto Vallarta, Mexico City, and Guadalajara. Most of these first-class buses are equal or superior in comfort to first-class airline seating. All roads are paved and in good condition, and have two lanes except through larger cities where they have four.

Entry by Automobile

At the customs office on the Mexican border, you will need to present your passport, Mexican visa (U.S. citizens do not need a visa for a six-month tourism visit, completion of a migratory form or tourism permit is all that's needed you can read more about visas in the "[Visas and Residency](#)" section), the title and registration of the vehicle in the name of the person importing the vehicle, a valid non-Mexican driver's license, and an international non-Mexican credit card. If the vehicle is financed, you'll also need the credit contract from the financing institution. You will receive a temporary importation permit that's valid for the same duration as your visa. You'll leave a substantial deposit on your credit card, around US\$400, which is refunded to you when you take the car out of Mexico. However, you must stop by Mexican customs on your way out and leave the car permit - do not omit this step!



Expats socializing at a Melaque restaurant

The Expat Community

Melaque's and Barra de Navidad's year-around expat community is small, estimated to be about 500 people. The part-year expat community is much larger, several thousand that come for three to five months to escape the North American winters. According to the full-year expats, these two groups don't often mix socially, as the part-year visitors often arrive in groups, and socialize with the same folk year-after-year.

The full-year expats that I met appeared to have smaller groups of closer friends, rather than the bigger social groups found in other expat destinations. This makes sense considering that the total expat community is spread across two very different towns and the massive flow of seasonal foreigners in-and-out of the area. You could easily opine that most of the seasonal visitors are not expats - they are mid-term tourists that spend their winters basking in the sun, dining and drinking, but not attempting to integrate into the town life or learn much Spanish as the full-time expats do.

Many full-year expats earn their living (or augment their incomes) with small businesses. Common businesses are real estate agencies, B&Bs and vacation rentals, restaurants, clubs, and tourist service businesses, such as tours, and sports-fishing. (See this month's bonus report: ["Doing Business in the Bahía de Navidad"](#)).

Non-working expats in both towns appeared to be more home-centered, content to read, putter in their gardens, invite friends over for lunch or dinner, or laze away in a hammock rather than to socialize in groups in the towns' restaurants and clubs. Even so, we saw groups of foreigners socializing every evening in the popular restaurants.



"Another Perfect Day in Melaque" – The Grateful Gringos

In El Patio de Sebastian, a popular expat restaurant in Melaque recommended for their standing-room-only, Friday night BBQ plate, I saw it again. That Costa Alegre smile. This time stretching across the face of the singer and pianist of The Grateful Gringos. I had just asked him why he lived in Melaque, and he embellished the smile by singing his favorite composition, "Another Perfect Day in Melaque." While he chirped away about the perfect weather, the frosty margaritas, the tiny bikinis, and the sun-baked old ladies with their wrinkled purple prune complexions, I noticed the song had captured the mood of the diners as the "smile" popped-up on several faces.

Melaque's and Barra de Navidad's full-year expats are marginally significant economically, socially, and culturally to their respective towns. They hire gardeners, house cleaners, and maintenance folks for swimming pools and repairs. They are mostly integrated into the local life of the towns, speak basic or better-than-basic Spanish, and appear to be well-accepted by the local Mexicans. I did not detect any particular envy or resentment towards the expats by the local Mexicans; in fact the locals appreciate the jobs created by expats and the patronage of their businesses by expats.

The shock of the cultural differences of foreigners has long ago been washed away by the huge crowds of foreigners that arrive each winter. Ana and I both quickly noticed that the Mexicans in Bahía de Navidad were generally friendlier, less reserved, more open and less sophisticated (less pretentious) than in many other areas of Mexico. They want to be liked and to like you. This is truly remarkable given the huge waves of foreigners that wash in and out of their towns each year!

Mexican Personal Space

Compared to North Americans, Mexicans have a smaller sense of personal space, and a greatly reduced awareness of what's around them. When walking, Mexicans are seemingly oblivious to the people moving around them and therefore act as if the entire common space (sidewalk, passageway, roadway, etc.) is there for their exclusive use. Of course, this produces chaotic results when all the exclusive users collide in the common space every few moments. I can't think of any reasonable way to avoid this chaos - just get used to it.

There is an unfortunate tendency for the part-year expats to secrete themselves away, driven mainly by lack of Spanish skills and cultural differences. An interesting example of this is an upscale condo complex on the Playa de Coco. The facility is completely self-contained with a store, nice restaurant, pool and exercise facilities, and social events, such that the occupants never need to leave the complex, and some occupants rarely do. You can actually live entirely within this sub-culture.



An abundance of coconuts

A Low Cost of Living

Barbara Lang, part-year resident and owner-manager of Villa Santa Barbara vacation rentals (see the ["List of Contacts"](#)) surveyed a few of her friends who live well, drive a car, own their own houses, have gardeners and maids, have a pool and pay for electric, gas, phone, Internet, and satellite TV about their expenses. She found that they do it all for around US\$1,800 per month. She told me she knows people who make it on US\$1,000, "Like old Bill, who rents a place above the grocery store for 3,000 pesos (about US\$230) per month which includes TV but no phone or laundry facilities. He goes out to restaurants but probably not the expensive ones. In any case, he can't afford to live in Canada on that kind of pension, so that's why he lives here full time."

Except for summertime electricity, utilities are inexpensive, since warm winter weather means the houses don't need heat. Full-year residents will see their electric bills jump from around 460 pesos (US\$35) in winter to around 4,000 pesos (US\$305) in mid-summer as their air conditioning and swimming pool pumps attempt to compensate for the heat. Typical monthly costs will be around 300 pesos (US\$23) for gas, 120 pesos (US\$9) for water, 389 to 999 pesos (US\$30-\$76) for telephone with DSL Internet service (depending on DSL connection

speed and free voice time to Mexican and USA phones), and 220 pesos (US\$17) for cable TV. (Note: U.S. dollar costs are given as a guide and will fluctuate according to the current exchange rate.)

Prudent use of electricity in the summer can make a big difference. The basic rate for electricity is pretty low, but as soon as you exceed a specific kilowatt threshold, the rate jumps, and then there's another threshold where it jumps again. You can have three rates on your bill, and once you hit the higher rates, they are "sticky" for several months, resulting in higher electric bills even when your usage is down.

House cleaners are paid about 700 pesos (US\$54) per six-day week for cleaning an average house and helping in the kitchen. Per day housecleaners earn 150-200 pesos (US\$11 to US\$15). Full-time housecleaners have holidays off, one to two weeks of vacation per year, and the obligatory *aguinaldo* (Christmas bonus) of two weeks' salary in mid-December. For a summary of all these figures, see the ["Bahia de Navidad Monthly Budget."](#)

Gasoline prices in Mexico are slightly cheaper (10%-15%) than the U.S. Prices. They are set by the government and have an indirect (manipulated) relation to global market pricing. Currently, regular gasoline is P10.45 pesos per liter (US\$3.01 per gallon) and premium is P11.02 pesos per liter (US\$3.18 per gallon).

Property taxes vary by the appraised value of the property. A ballpark number is US\$300 per year, but they are often much cheaper. A nice multi-unit property on the canals in Barra de Navidad pays 1,500 pesos per year; well located houses in Melaque pay from 489 pesos to 1,305 pesos per year, that's "almost free" says the owner.

Annual bank trust (*fideicomiso*) costs depend on the bank, and any related services the bank may provide. A range from US\$400 to US\$600 per year is pretty standard.

Food and Restaurant Expenses

Melaque and Barra de Navidad provide most of life's necessities and amenities in town or close by. Basic groceries, fresh breads and tortillas are available in small stores throughout the towns. Fresh fruits and vegetables are found in small stores, and along the streets. Barra de Navidad

does not have a grocery store of any consequence, so the residents of Barra de Navidad go to Melaque or farther afield (Cihuatlán or Manzanillo) for most grocery shopping. An expat favorite is the “Super Hawaii” store on López Mateos Street in Melaque, as they have more choice, including a modest selection of imported goods. We found La Herradura store on the corner of López Mateos and Morelos to be about 15%-20% cheaper than Hawaii, but with less selection, so we’d start at La Herradura and then finish at Hawaii.

Full- and part-year expats in the Bahía de Navidad agree that food costs run from one-third to one-half of back-home costs.

Expat Tales: Cost of Living Comparisons

- **Leone Ewoldt**, real estate agent in Melaque: “A fraction, probably less than half for food, transportation and all that. At a recent party, we decided that food costs are a third or a half here for most people including some imported goodies at Hawaii, a local store in Melaque.”
- **Virginia Olson**, part-year resident from Canada: “...for our basic consumables it’s 60% of what it costs us in Canada. For a good meal at our local restaurant here I would say the cost is half. Definitely half for a good restaurant. In Barra right now a family of four can have a beer, an all-you-can-eat meal, and not spend 10 dollars. You can’t do that for one person back home.”
- **Charlie Pearson**, long-term beach house resident: “Well, back home, I happen to live in high-cost Marin County, California, one of the wealthiest areas in the U.S., and so, I would say my cost of living here is about a third.”
- **Sharon Fritz**, full-year resident in Barra de Navidad: “I would say that the cost of living for everyday consumables is like half of what it would be in Taos, New Mexico? It makes a big difference in the budget; you start to feel like... you can do more things. You can do more things because you’re spending less money on food and on health insurance. I pay about US\$300 a year for health insurance and then there’s nothing else, there’s no deductible... Gasoline is less than it is in the States, car insurance is less, and homeowner’s insurance is less. My property taxes on both of properties are less than US\$100.”



Fish cocktail at a seaside restaurant

Restaurants are equally inexpensive; here are some examples of breakfast, lunch, and dinner meals. To see more examples and quality ratings by our restaurant “spies” Sean Anderson and Edith Rivera, go to my [Monthly Budget](#). All prices are for two people including drinks and tips:

Breakfast:

Crepes with ham and cheese: 110 pesos.

Two tarts of coco-banana, hot chocolate, black tea: 100 pesos.

Lunch:

Shrimp tacos, tostadas de aguachile: 75 pesos.

Large shrimp burrito: 100 pesos.

Dinner:

Dorado fish, steamed vegetables, and fries: 220 pesos.

1.65 kilogram of garlic lobster: 500 pesos.

Ribs and beer: 160 pesos.

Arrachera (shoulder of beef): 187 pesos.



Water taxis on the lagoon



Young surfer off the sand bar

Getting around

Melaque and Barra de Navidad are walking and bicycling towns. Every Mexican resident and full-year expat in town owns one or more bicycles, and they are available for use at most vacation rentals and some hotels. If you have a car, both towns are easy driving, and free street parking is generally available everywhere, except on the sandbar in Barra de Navidad.

Frequent local buses run between Melaque and Barra de Navidad, the ticket is six pesos (US\$0.50), and it's a little faster than walking the beach between the towns. The buses are old and noisy but sturdy.

Taxis are available in Barra de Navidad at the central plaza and at the bus station on Avenida Lopez de Legazpi. They don't circulate, so you have to go to the taxi stands. In Melaque, catch the taxis at the central plaza and at the bus station on Calle Gómez Farías.

If you need a car, you can rent them at the Manzanillo airport or monthly car rentals are available in Barra de Navidad at [Crazy Cactus](#), 315-355-6091.

What Can I Do There?

There are plenty of activities on offer from the more energetic such as surfing, swimming, and cycling to fishing, off-road driving, and golfing. For the less active or calmer moments many folks simply promenade on the beach and *malecones* (boardwalks). And of course there's sight-seeing, shopping,

and plenty of opportunities for dining out. Here's a roundup of everything on offer on the Bahía de Navidad.

Outdoor Activities

As you'd expect in small coastal towns, the outdoor activities revolve around the beaches, ocean, and the lagoons.

Swimming - the best beaches for adult swimming are on the northwest end of Melaque, where the waves are small and the beaches are flat. The beaches in mid and south Melaque are steep down to the water's edge, with coarse, beige sand and stiff waves - better for light surfing than swimming. For children, the lagoon-side beach inside the Barra de Navidad sand bar, are perfect for swimming with shallow water and no waves.

Surfing - younger surfers are always found practicing in front of the Barra de Navidad sand bar, where the waves are just stiff enough to be interesting and they can be seen by the local girls. Experienced surfers find the larger waves on the Playa de Coco (on the coast southeast of Barra de Navidad between Isla Navidad and the Manzanillo airport) more challenging. Surf board rentals and lessons are available at the Barra Surf Shop on Calle Legazpi, Barra de Navidad. We also saw a few sailboarders on the bay.

Landlubbers will enjoy **promenading** on the sandbar, and along the small malecones (boardwalks) of both towns; beachcombing, watching sunsets, sunbathing, and bikini watching.

Scuba diving - training and dives are facilitated at Sirenita Diving (Jean Pierre Vincent and Suzanne Séguin) at Av. Veracruz 26 (entrance of town) in Barra de Navidad.

If you have a sailboat or motor launch, **sailing and boating** are possible in the bay and the lagoon. There's a marina in front of the Grand Bay Hotel, and free boat mooring on the east side of the lagoon. The homes along the canals in east Barra de Navidad have their own wharfs, and most homes of those homes have boats.

For sport-fishing, lagoon and ocean tours, boat charters, and snorkeling head to Av. Veracruz in Barra de Navidad close to the Malecón where there are too many operators to mention. Popular catches are yellow-fin tuna, marlin, sailfish,



Sports fishing boats



Grand Bay's Isla Navidad golf course

and dorado. Sample charter prices include: 1-4 people 500 pesos per hour; 1-4 people, 7 hours for \$3,000 pesos; 8-10 people, 6-7 hours, 7,000-8,000 pesos. There are also two or three sport-fishing services in Melaque. We didn't find any sailboat charters.

For surfcasting, a favorite location is along the Playa de Coco. There's an International Fishing Tournament the third week of January.

Barra de Navidad and Melaque are flat, easy-walking and bicycling towns (except for pot holes and cobblestones in South Melaque). Both towns can be walked in 45 minutes corner-to-corner. Bike's can be rented at Rental Bike Baron at Calle Esmeralda 47 in Melaque.

Countryside and off-road trips - the countryside away from the beach is semi-tropical with banana and coconut plantations wherever the land is flat. We found the drive over to Isla Navidad particularly interesting; large herds of cattle graze beneath rows of coconut palms. For an insider's look at hidden treasures, try Mex-Eco Tours (Ruth Hazlewood and Dan Patman) at Gómez Farías 59-2 in Melaque, or ATV Tours (Ray and Eva) on the corner of Las Cabañas and Clemente Orozco in Melaque. They specialize in off-road visits to ranch country, rivers, dunes, and isolated beaches.

Peak turtle-nesting season is in November and December on the beaches. Great to watch but don't interfere with the turtles!

Golf fans have a choice of some of the best courses in Mexico (and possibly the world) and will drool over the lush, 27-hole course on Isla Navidad.

The course is maintained by the Grand Bay Hotel, and features great views of the ocean, lagoon, and hills. You can access [Isla Navidad Golf Course](#) by water taxi from Barra de Navidad or by road on the Highway 200 to Cihuatlán. Green fees vary between US\$180-US\$200 depending on the time of year. [El Tamarindo Golf and Country Resort](#) is five minutes east of Melaque in Tamarindo; green fees are the same as Isla Navidad. The next closest course is on the route to Manzanillo at the [Las Hadas Golf Resort](#). This is an 18-hole course with green fees starting at US\$75-US\$120.

In-Town Activities

In Melaque, the **English book exchange**, Cuba Libro, is at the south end of Miguel Hidalgo Street, open 4:00-6:00 PM. You can volunteer here. The book exchange receives big boxes of books at the end of the season, and you can exchange or just take what you want – there are plenty of books. In Barra de Navidad, check out Beer Bob's Book Exchange at Tampico #8.

TV buffs have the choice of **cable and satellite systems**, with some programs and many movies in English.

Neither town has a traditional Mexican market, but there are big **tianguis (flea markets)** on Thursdays on Veracruz Avenue at the entrance of Barra de Navidad, and on Wednesdays in Melaque on Miguel Hidalgo Street. You'll be amazed at all the different items you can find there, from clothes to handcrafts to kitchen trinkets.

In Barra de Navidad, early evening promenades along Veracruz and Legazpi Avenues and along the sandbar and malecón to watch the spectacular sunsets were our favorite activity and it seemed that half the town was out at the same time.

The standout activity in town was evening dining and socializing in both towns, both foreigners and locals took



Enticing fruit stand on the malecón

advantage of the cool evenings (after the mosquito hour had passed) to meet friends and enjoy the view with a drink.

There are dozens of restaurants in both Melaque and Barra de Navidad. An extensive list of restaurants recommended by local expats for the food, value, and socialization are included on my "[List of Contacts.](#)"

Local Sightseeing



The glorious Grand Bay Hotel

The Grand Bay Hotel, rated #1 among Mexico's resort-class hotels, is worth an afternoon, if only to see what the best has to offer. The hotel is located on the lagoon side of the bay, fronting a private marina that's often filled with the spectacular yachts of Mexico's elite. The hotel is backstopped against the hills of the Punta del Coco (Coconut Point). The hotel has 199 rooms spread across 10 levels in multiple buildings, three swimming pools, private freshwater beach, spa and whirlpools, four restaurants, and every amenity possible. The 27-hole golf course runs east of the hotel between the Playa de Coco and the lagoon.

Events and Holidays on The Bahía de Navidad

Reina de Primavera parade - in March, the cutest small girls from the schools crown the Spring Queen.

Carnival - preceding Ash Wednesday, a five-day celebration in the center of Barra de Navidad.

Semana Santa (Easter week) - celebrated in Melaque, Barra de Navidad, and everywhere in Mexico; features religious processions with small floats of Jesus, Mary, and other figures.



Homemade candies at Melaque's Saint Patrick's fair

Fiesta de Toros (bulls) takes place during the week leading up to Día de San Patricio (St. Patrick's Day) on March 17. The festivities include rodeo events, bull running, bullfights,

a carnival, parades, the blessing of the fishing fleet, folk dances, boxing matches, and nightly fireworks.

Feast of the Assumption of the Virgin Mary - centered on August 15, it's a nine-day religious celebration with morning and evening parades each day.

Independence and the Revolution - Mexicans are very proud and patriotic, and celebrate both events in mid-September with big public parties and lots of noise. The senior politician in each town re-enacts the *grito* (battle-cry) that called the Mexicans to war against the Spanish colonizers.

Festival del Mar (Festival of the Sea) - a seven-day festival, in mid-December, with concerts, folk dance, parades, beauty queens, and foot races.

Festivities in Villa Obregon - variable dates in late January to early February. There are daily parades, music, and bull riding.

You can get up-to-date event information at the small Tourist Bureau located at Calle Jalisco #67, Barra de Navidad. Tel: (315) 355-8383, 355-5100.



© Steve Cotton

Melaque's andador

Starting at the northwest end of the Melaque beach beyond the informal RV park is the Andador Punta Melaque, a partially paved walkway that skirts the mountainside out to Punta Melaque (Melaque Point). Frequenting by joggers during the cool mornings and evenings, the walkway provides a sweeping view of the bay.

La Laguna de Tule separates Melaque from Barra de Navidad, and is bounded by the beach to the west. The lagoons are increasingly congested with species of water lilies that bloom extensively with white flowers. They also provide shelter for crocodiles, and stagnant water for breeding mosquitoes. The *andador* (walkway) is accessible from the streets on the southeast side of Melaque; be sure to take mosquito repellent, and a flashlight after dark, when the crocodiles climb up on the walkway.

Barra de Navidad's small Catholic church, displays the figure *El Cristo del Ciclón* (Christ of the Hurricane), which reportedly saved the town from the fury of Hurricane Lily in 1971 by dropping his arms down from the cross and calming the



© Mike Anderson

Barra de Navidad malecón

fury of the storm. The church and statue were not damaged by the hurricane.

The heart of Barra de Navidad's restaurant, club, and tourist area is along Av. López de Legaspi and Av. Veracruz. Where those two streets end to the south, Barra de Navidad's boardwalk and jetty begin. Cloud formations over the ocean often provide spectacular sunsets from the boardwalk and beach-side establishments.



© Mike Anderson

The beach in Colimilla

Colimilla is a very small town of a few houses and a handful of restaurants accessible by water taxi on the lagoon side of Isla Navidad. Locals and expats alike praise the seafood, although restaurants have tourist pricing.

Easy Day Trips



© Virginia Olsen

Playa de Coco

If you widen your circle from 15 minutes to one hour's drive you'll have even more choice of things to do and see.

To reach the **Playa de Coco and Grand Bay Golf Course** by car take Highway 200 east from Melaque or Barra de

Navidad to kilometer 51 then follow the sign to Isla Navidad. The road winds for several miles passing coconut and banana plantations, and cattle ranches. After crossing a bridge that takes you into the state of Colima, the road parallels the beach. This beach is good for surfing, surfcasting, and beachcombing, but swimming is not recommended as the surf and undertow can be quite strong here. If you continue along the beach road, you'll pass through the Grand Bay golf course, pass the village of Colimilla, and finally arrive at the Grand Bay Hotel.

Cuastecomate is easy to get to by car or bus from Melaque; it's less than two miles to the northwest. A small sandy beach area, perhaps 250 meters is bounded on each end by rocky formations. Half a dozen *palapa*-style restaurants line the beach, and an attractive hotel anchors the south side. Above the beach is the small residential area of the town with a mixture of modest and nice houses. Away from the beach on the north side are more attractive houses, many said to be owned by foreigners. The beach is very pleasant with mild waves and is safe for children. We saw several snorkelers and scuba divers off the rocks.



The beach at La Manzanilla

La Manzanilla is an easy 30-minute drive, about 10-12 miles to the northwest of Melaque. The tourist area of town is developing quickly; I saw more real estate offices in La Manzanilla than in Barra de Navidad and Melaque, yet it's a much smaller town. The beach was about half a mile long with coarse sand and small rocks intermixed with sandy areas. This is another good area for children, the surf is mild and the beach is shallow. On the north edge of town there's a nature sanctuary with raised walkways and an estimated 300 American crocodiles.

Colima, a colonial city, is located about 100 miles east of Barra

de Navidad. The Primera Plus bus line has frequent service from Melaque and Barra de Navidad through Manzanillo. At 1,650 feet altitude, Colima is cooler than the coast but still on the warm side. This colonial city was founded almost 500 years ago, and still features many period buildings around the historic center. Two nearby volcanoes are visible from the city, one still active. Close to Colima is the artisan town of Comala, a relaxing stop with cobblestone streets and clay-tiled roofs where you will find handmade furniture and wrought iron goods.



Manzanillo commercial harbor

Manzanillo is about 60 kilometers southeast of Barra de Navidad on Highway 200. There are two areas of interest to visitors, the Bahía de Manzanillo and the Bahía de Santiago. These are long beaches with more restaurants, clubs, and hotels, than could be listed. I'm partial to the commercial port at the southeast end of the Bahía de Manzanillo - I love to watch the big ships moving in and out.

Cultural Notes and Oddities

The book exchange at the south end of Miguel Hidalgo Street in Melaque is overrun with romance novels, everyone brings them in but no one takes them out. The book exchange managers are planning to compost the romance novels into plant fertilizer!

In Melaque and Barra de Navidad, there are very few beggars and the beggars smile and are friendly. Most places in Mexico, the beggars pose ugly and pathetic faces, and some insult you when you're not generous with your alms.

El Barrio is the poorest neighborhood in Barra de Navidad, but I find its rustic church to be a very welcoming and soothing place to just sit, rest, and escape the bright sun.



The church in Malaque's El Barrio

Farm vegetables are available for purchase on the street from pickup trucks that circulate through the neighborhoods. When you hear them honk, just go out to the street to find the freshest vegetables at good prices. There's some leeway for bargaining.



A mobile fruit and veggie store

The French Bakery Boat circulates around the canals and marinas in Barra de Navidad, bringing fresh breads and pastries directly to your dock. How's that for service!

You have to hear the Tarzan water truck to believe it's real. The jungle call is taken right from a Johnny Weissmuller Tarzan movie, and it's quite startling the first time you hear it. The truck delivers bottles of water to houses.

Many stores in Barra de Navidad provide home delivery of beer, bakery products, vegetables, pizza, chicken, sea food, laundry service, tamales, manicures, pedicures, and massage; just about any product or service can be arranged for.

If you want to meet the grizzled long-term expats of Malaque and Barra de Navidad, go to Hector's bar on Mazatlán Street

in Barra de Navidad in the mid-afternoon. You can find out anything you want to know about the area from Hector and his clients.

Houses with thatched-roof terraces are common in both towns. The terraces are often the highest flat roof of the house where they can catch the ocean breezes and get a better view.



A lonchería in downtown Malaque

Neither town has a traditional vegetable market, just the weekly *tianguis* (flea markets) on Av. Morelos street in Villa Obregón (Melaque) on Wednesdays, and on Av. Veracruz in Barra de Navidad on Thursdays. The area most resembling a market is two alleyways in Melaque on Callejón Ramon Corona off López Mateos between the central plaza and Gómez Farías Street. These alleyways feature *loncherías* (lunch stands) and the sale of fish and *birria* (BBQ goat).

Melaque's main protestant church is "Saint Patricks by the Sea" - an English-language interdenominational church on Calle Alberto Masias just east of Reforma. The church structure is *palapa*-style with some brick and palm thatch.

If you want really fresh fish, go to the fresh fish markets along Avenida Veracruz in Barra de Navidad. There are two or three fisherman's co-ops: Isadora Trujillo Figueroa, Av. Veracruz 72, and Pescadería Ramos, Av. Veracruz 21.

See [Culture Shocks and Miscellaneous Notes](#) for additional insights on Mexican culture.

Rough Edges

Right at dusk, for about an hour, the mosquitoes get extremely active and vicious. They like to attack bare legs under the

tables of restaurants, but will also swarm around arms and faces. Some restaurants provide citronella coils under the tables, and we were offered mosquito repellent creams and sprays in others. The best defense is simply to wait an hour or so after dusk before going out.



Melaque's west-end beach

The beaches in southeast Melaque and most ocean-side beaches in Barra de Navidad are steep down to the water's edge, with coarse, beige sand and stiff waves. The best beaches are on the west end of Melaque.

The channel between the ocean and the Navidad lagoon was narrowed and deepened during the construction of the Grand Bay Hotel. According to Charlie Pearson, longtime Barra de Navidad beachside resident, the construction of the jetty changed the lagoon's water flow; it used to swirl around the bay and deposit new sand on the beaches. Now, the beaches are slowly shrinking and becoming steeper as the sand is deposited further out in the bay.

High culture? There is very little to zero of what North Americans call culture including symphony, opera, theatre, film festivals, ballet, and other dance. There are no movie theaters, drama theaters, or art or book exhibitions except those sponsored in local restaurants.

Summers are quite hot, and unless you're the type that enjoys hot weather, you'll find that expensive air conditioning is needed. Summer is also the season for tropical storms and the occasional hurricane.

The infrastructure and services are only just adequate; occasional electrical outages, slow Internet access, inadequate storm drainage, and out-of-order ATMs are part of life here.



A typical house in Melaque

The Property Market

In Melaque, every street has two or three properties for sale, sometimes bare lots, and other times nicely finished houses. Leone Ewoldt, one of Melaque's recommended real estate agents, clarified that the inventory of houses has been accumulating since 2009, when the U.S. recession first choked-off the supply of Canadian and American purchasers, and the number of purchases dropped to near-zero. With the ongoing global recession, the buyers have yet to return, but sellers have been reluctant to reduce prices to accommodate the slower market. Now, properties are slowly starting to sell again with lower prices, and the lower prices represent an opportunity for buyers with cash to pick-up properties in this great area. Melaque has a wide range of property pricing, with prices dropping quickly as you move away from the beach. At the moment, houses range in price from US\$70,000 to US\$ 750,000. You can see a selection of houses in ["Bahía de Navidad- Houses For Sale."](#)

Parts of Melaque are *ejido* land (communal land grants) which carries special risks for foreigners. See "Closing The Purchase" below for a better explanation of this problem.

Barra de Navidad has fewer properties for sale, and these are found primarily in el fraccionamiento (the middle-class area) and in el barrio neighborhoods (the poorer areas). There are many empty lots in el fraccionamiento, but, according to Tracye Ross of Crazy Cactus Construction, they all have individual owners (she owns some lots) that are waiting-out the recession before selling or building.

In my opinion, **the standout area in Barra de Navidad is the canal neighborhood**, where the houses are attractive and



The canals in Barra de Navidad

well-maintained, and each house has footage along the canal and you have sheltered space to tie-up your sailboat or motor launch. The neighbors are solid middle-class Mexicans and foreigners. The low-end of canal properties is along Tampico Street, the area that is most likely to see fast appreciation when the market returns. At the southern end of the canals, where the three canals tie together, is a big chunk of land destined to become the site of luxury homes. When construction begins in the area, it will pull up the value of all the homes along the canals. House prices in Barra de Navidad currently run from around US\$75,000 to US\$1,200,000.



Playa Grande condos

On the ocean side of the Grand Bay Hotel golf course, the Playa de Coco and adjacent beaches going towards the Manzanillo airport present an interesting opportunity for mid- and long-term investment. The Colima state government has plans to build a new road directly to the Grand Bay Hotel from the airport along this coast which will put this area in “the path of progress.” Two upscale developments already exist along the current two-lane road to the Playa de Coco: Música del Mar, with detached single-family homes, and Playa Grande, a luxury condo complex. Playa Grande will begin construction on an adjacent lot in 2013 which will include large single-family

lots, and one-bedroom pre-built townhouses; pre-construction is priced at US\$160,000. Other single-family homes have already been built on the west side of Playa Grande. This is an area investors should watch closely in the next few years.



Beaches just north of the Bahía de Navidad

North of Melaque along the coast, there are beautiful beaches interspersed with rugged coastline where both Mexicans and foreigners are erecting their dream houses, really too many places to list, reaching all the way up to Puerto Vallarta.

Bargain Houses

Most properties for sale in the Bahía de Navidad area are listed with agents; the shadow, word-of-mouth market is small. However, real bargain houses appear from time-to-time, but these are quickly sold to other Mexicans by word-of-mouth without ever appearing on the general market. It is possible to find and purchase these bargains if you are willing to invest the time to cultivate Mexican acquaintances, hook into the word-of-mouth network, and then do the foot work to track down these bargains.

To get started, you need to speak at least basic Spanish, be super friendly, and be fearless in approaching shopkeepers and strangers in the street to ask them if they know of someone who is thinking about selling a house. Always attempt to get the direct contact information of the owners, avoiding any middlemen. To get the lowest initial price, ask a Mexican friend to first contact the owner and request the price, and then make your visit to see the house.

Real Estate Agents

Melaque and Barra de Navidad have a few honest real estate agents and some that are less reputable (see my “[List of Contacts](#)” for real estate agents that have been recommended

by long-term expats). The process of buying with a real estate agent is similar to that practiced in North America, except that all the disclosures and paperwork common in North America don't exist in this area. Keep in mind that real estate agents do not have an enforceable legal responsibility to the buyer or the seller, so you should personally verify all claims made by the seller and real estate agents.



Canal house in Barra de Navidad

Cash Is King, Financing Is Possible

Real estate purchases by foreigners are almost always cash deals, although we're seeing the first offering of financing for foreigners. One such broker is Doug Jones at MortgagesInMexico.com, working with an American bank in collaboration with a Mexican bank. Loans can be made in U.S. dollars, euros, or Mexican pesos, and are available for U.S. and Canadian citizens who have the FM2 or FM3 visas. For loans in U.S. dollars, the minimum amount is US\$50,000 at 10- to 30-year terms. No extra collateral is required since the property you are purchasing is the collateral. The minimum down payment is 25%-35% of the larger of the purchase or appraised price. The availability of loans in dollars and euros, and the interest rates change frequently, so check with the broker before starting your house search.

As this report is published, loans are available in Mexican pesos with an interest rate range of 11%-14%, much higher than North Americans are used to paying. Dollar-based loans, when available, have much better interest rates. This is a new mortgage program, it has no track record, so be sure to check-out all offerings carefully.

Initiating The Purchase

When you've located the property you want to purchase, you'll need to inspect the property. Since sellers do not make

any disclosures of the property's condition, the buyers must arrange for their own inspections - if you're uncomfortable with inspecting by yourself, take along an architect, builder, or a knowledgeable expat friend. After negotiating the price, you'll probably want to execute a purchase contract (*contrato de compra-venta*) although I have sold and purchased on just a handshake.

You should get a contract if you give the seller earnest money in advance, as escrow accounts are uncommon in Mexico. Either a lawyer or notary (*notario público*) can produce a purchase contract for you easily, they are often boilerplate documents. Purchase contracts are usually private agreements between the buyer and seller - they are not notarized nor signed by the notary or lawyer, as they can have adverse tax consequences. In Mexico, all contracts and documents must be in Spanish to be legal, so get help from a bilingual friend if your own Spanish is not adequate to ensure that what you are signing is what you want.



House for sale in Melaque

Closing The Purchase

"*Presta-nombre*" she exclaimed with that smile blooming across her face. "In Mexico, everything is possible because the government doesn't meddle in every detail of your life." Real estate broker Leone Ewoldt happily explained how, with private agreements, a property can be purchased that is part of the obsolete but politically protected *ejido* land grant system. As she deciphered yet another of Mexico's legal mysteries for me, I studied her "special" smile and had to agree, everything is possible in Mexico.

Contracts and closings are handled by a *Notario Público* (see my "[List of Contacts](#)" for Notary recommendations).

A good notary will handle all the legal and logistical aspects of a house purchase, and it's customary that all the closing costs, except the seller's capital gains tax, are paid by the buyer. The appraisal will cost you about 1,500 pesos (about US\$115) for a house, if paid separately, and the notary's fees, filing fees and miscellaneous taxes will cost around 5%-6% of the purchase price. In addition, you may want an attorney to review the documents, and the bank will charge from US\$500 to US\$2,500 to set up the bank trust (*fideicomiso*) so a final closing cost percentage of 7% is common. From the time of making the agreement with the seller to the end of closing will take three to five weeks, if everything goes smoothly, twice that time if there are snags.

Foreign buyers are not allowed to buy property within 50 km (32 miles) of Mexico's coastline, where the deed is held directly in the name of the foreigner. Within this restricted area, there are three common methods of making the purchase:

1. Form a Mexican corporation and have the corporation purchase the property. Mexico wants corporations to hire people and pay taxes, so the government insists that personal residences should be held in a bank trust, a *fideicomiso*, i.e. option 2 below. For other types of properties such as rentals, or commercials, a corporation is the easiest method. The cost of setting up a corporation runs about US\$2,000, and you must contract an accountant to file monthly reports, about US\$40 per month.

2. Establish a bank trust, a *fideicomiso*, which holds the property on your behalf. The bank trusts are for 50 years, and can be renewed. The trusts are very flexible - you can sell, rent, mortgage, and bequeath properties as if you owned them directly. Selling and bequeathing a property to another foreigner is really just a transfer of the trust. Setting up a bank trust increases your closing costs and closing time by US\$500 to US\$2,500, and by a week or two. In addition, the bank will charge you an annual maintenance fee for the trust that runs around US\$500 to US\$600 per year.

3. Put the property in the name of a Mexican citizen, a *presta-nombre* (borrowed name). *Presta-nombres* are risky, and some say illegal, for the obvious reasons, but are used by some when the property being purchased is *ejido* property. *Ejid*os are communal land grants

where parcels of the grant are assigned to a specific person, but the parcel is not "fully owned" by the person. Therefore, the property can't be "sold" to a foreigner. Regardless of the legal arrangement between the buyer and the *presta-nombre* (the person that actually holds the deed), the buyer's right to the property can be challenged by the *presta-nombre* or his heirs. I personally would never buy a property by this method, but it is quite popular and has been used successfully for years by hundreds of foreigners. A *presta-nombre* may request a payment from 0% to 10% of the purchase price for providing this service.

4. There's another possible method for purchasing *ejido* property: convert the *ejido* property to civil property. Notary Lic. Guillermo Gatt explained that the conversion process is very cumbersome and is not recommended for persons purchasing a single condo or house, but rather is appropriate for large developments.



Beware the local crocodiles

Real Estate Caveats

Be sure to get closing cost estimates from three or four notaries, and references from other expats before choosing your notary (the buyer chooses, not the seller). Notary fees can vary as much as 100%.

Be very careful about buying an *ejido* property. Even though the *presta-nombre* procedure has been used successfully by hundreds of foreigners, it is still risky, and you don't want to lose your home and investment. Notary Lic. Guillermo Gatt states directly that *presta-nombre* is an illegal practice as an attempt to circumvent Mexican *ejido* law. *Presta-nombre* private documentation will often contain a *constancia* (assignment of the parcel), a power of attorney (given to the buyer for the

property), and a long-term lease for the property. However, if the *presta-nombre* person dies, becomes incapacitated, or simply sells the property and disappears, then there is very little legal protection for the foreign buyer.

To make a property purchase, foreign buyers typically open a Mexican bank account and then transfer the purchase money into that bank account. If you are a U.S. citizen, and the amount of money in the Mexican bank account ever exceeds US\$10,000 (even for an instant) then you must report that fact to the U.S. Treasury on a special form. Your U.S. accountant or tax preparer can advise you about this procedure. The penalties for not filing this report are very severe, do not ignore or overlook this requirement.

The occasional hurricane or severe tropical storm that hits the Bahía of Navidad directly can cause flooding in areas of Melaque. Before choosing a property for purchase or long-term rental, canvas the neighborhood and ask the neighborhood if the area flooded during the last hurricane.

An Unusual Opportunity

Right now may be a good time to make a property purchase in the Bahía de Navidad area. The global recession and narco-violence news in other parts of Mexico has halted the rapid appreciation of property values even in the safest Mexican areas. In Barra de Navidad and Melaque, prices have dropped by about 10% on the beach and 15% to 20% inland, presenting an unusual opportunity to save money on a purchase.

Bahía de Navidad Hotels and Vacation Rentals

For your first scouting trip to the area I recommend you use TripAdvisor (tripadvisor.com) for finding hotels, inns, and B&Bs. For vacation rentals, try VRBO [here](#) for Barra de Navidad and [here](#) for Melaque.

Renting on the Bahía

I believe that you should rent first for several months before you start a serious house search. Barra de Navidad and Melaque have a good choice of fully furnished and equipped vacation rentals (see “Bahía de Navidad Hotels and Vacation Rentals”).



Rental bungalows in Barra de Navidad

It's easy to get carried away by the beauty and romance of this beach area; make sure you really do like the warmer climate and the town before purchasing a home. Your rental period should include the hot season (May through October) unless you're sure that you'll be a part-year resident. Melaque has more choice of low cost bungalows, but Barra de Navidad has a decent quantity - these are often hidden behind commercial buildings or tall exterior walls.

Rents for vacation rentals in high season start at about US\$700 per month for a small apartment that includes all utilities and Internet service. Vacation rental houses start at about US\$800 per month and go up to US\$2000 and beyond depending on location, view, size, and luxury level. Low-season rents and year-around rents are substantially cheaper, sometimes as much as 50% off. Vacation rentals seldom require a lease and the deposits are minimal for foreigners, as foreigners are considered to be low-risk. If your rental term is less than six months, the convenience of a fully equipped vacation rental is well worth it.

Rentals found on the Internet are generally much more expensive than those found by knocking on doors. If your stay will extend into the off-season, good deals can be found among the bungalows lining the beach or within two or three blocks of the beach. We met Ruth Hazlewood, co-owner of MexEco-Tours in her shop in Melaque, where she was grousing that the landlord of her one-bedroom bungalow had just raised her monthly rent by a whopping 300 pesos, from 1,500 pesos to 1,800 pesos (about US\$137). I understand that she gets a special rate as a multi-year resident, but still, if I could get that rate in Guanajuato, where I live most of the year, I would have never bought a house!

Unfurnished and semi-furnished long-term rentals are available and are substantially cheaper than vacation rentals after factoring in the utilities. Many of these are sparsely furnished with little-to-no furniture, closets or cabinets, and you have to contract for Internet service. Make sure the rental unit has two gas tanks and a plastic (not asbestos) water reservoir.

Housing is much cheaper as you move away from the beach. You can expect to pay around US\$400 to US\$700 dollars per month for a house depending on the size, and the amount and quality of the furnishing, US\$100 less for a smaller apartment, and there are discounts for leases of one year or more. Deposits are usually equivalent to one month's rent, and a fixed-term lease may be required. Foreigners generally do not need a lease cosigner. (See my "[List of Contacts](#)" for real estate agencies with rentals.)



Someone's watching over you

Healthcare on the Bahía

Like most small towns in Mexico, in-town medical service in Melaque and Barra de Navidad is adequate for routine health care and first-response emergencies, but the medical facilities for major problems are located in nearby larger cities.

Routine health care is inexpensive in Barra de Navidad and Melaque (see the [List of Contacts](#) for expat recommendations). Most of the doctors and dentists speak basic-to-good English, as English proficiency is a requirement of their education.

The charge for a routine doctor's consultation is usually under US\$20, and some expats have reported in wonderment that they were not charged at all for a consultation that required more than an hour of the doctor's time.

Hospital care at nearby Manzanillo Hospital (a 45-minute drive) is excellent, clean, and professional, with a standard of personal attention that's just a faint memory in North America. However, the hospitals in Guadalajara (between three and four hours' drive) are the most highly regarded hospitals in the area. These hospitals have the latest medical technology from Germany, Switzerland, and the USA, and many of the doctors are U.S.-trained. Conversely, many American doctors are trained at the University of Guadalajara medical school. Several expats cited the total cost of care for their serious medical treatments as averaging between five to 10 times cheaper than the cost of equivalent care in the USA, but the level of service was much better.

Medicare In Mexico?

The USA is slowly investigating the possibility of extending Medicare coverage to U.S. citizens in Mexico. A U.S. Joint International Commission was formed a few years back to certify that selected Mexican healthcare facilities meet U.S. standards, one step in the process towards Medicare reimbursement of qualified costs for U.S. citizens. At least eight Mexican facilities have been certified, the Hospital Mexico Americano SC in Guadalajara being the closest to the Bahía de Navidad. So far, it has not been determined when reimbursements will start, but the possibility is still open; it's just moving forward at the speed of bureaucracy.

Public Health Insurance

Public health insurance is available for folks of any age at the IMSS (Instituto Mexicano del Seguro Social). Costs for folk 60 years and over is 3,605 pesos (about US\$275) per year, ages 40 to 59 pay 2,395 pesos (about US\$185) per year. This public plan has exclusions and restrictions for existing conditions, but it is a good option if you are in good health. The first year is restricted to office calls and pharmacy; the second year and beyond has full coverage. Most of the full-year expats here have IMSS insurance, and are very pleased with the service. [AHA International](#) represents the five major insurance companies in Mexico. Tel: (800) AHA-1778 (free phone USA and Canada).

Expat Tales: Healthcare Experiences

Virginia Olson (Part time resident and owner of a vacation rental): “We have been blown away by the quality of healthcare here. We have people that come down here every year who have dental plans in Canada. They come down here and don’t leave without having their teeth cleaned because it’s only 300 pesos (US\$23). We had a lady fall and break her hip. She was seen by three doctors within a matter of hours and within two days she was having hip replacement surgery. That is not the situation in Canada. I think the bill came to \$1,500 for that. I know, ridiculous.”

Charlie Pearson: “...almost all the folks that live here year-round have IMSS insurance, and they have good experiences with it. And there’s a good private clinic in Manzanillo; there’s a terrific hospital in Colima, and then there’s the University of Guadalajara’s medical school, which has an absolutely top-shelf hospital.”

Jim Monaco: “... healthcare services are efficient and quick. We see the IMSS insurance as catastrophic coverage rather than the routine sort.”

Leone Ewoldt: “Well, most healthcare needs that I’ve had in the past can be met right here. For an arthroscopic surgeon, I’ve had to go to Guadalajara or Manzanillo or Puerto Vallarta. The first responders here are adequate if you had an accident or broke your arm or something, but you might go somewhere else for an operation. The thing that’s nice about the doctors here is that they have so much time for you, and you call them by their first name and they make house calls, and even the doctors give you their cell phone number and say, “Call me if you need me.”

Sharon Fritz: “I have IMSS. I had a mammogram; the technician found a lump in my breast and he took me by the hand to the radiologist. They did an ultrasound, they gave me the results and the next day I had an appointment with the doctor. He said we’re gonna do a biopsy and he did it, right then and there and sent it out. They put me on medication and I never had to pay a penny over 1000 pesos a box. The care was great, I’m real happy, they treat me well. You know, you have to learn the system, but that’s like anywhere else.”

Steve Cotton, full-year resident in Melaque: “I broke my ankle while zip lining two years ago up in Puerto Vallarta. The care that I received was probably better than the care I would’ve received in an American hospital. And I know the price was far less, I would pay at least 10 times as much in an American hospital for the exact same care that I received and was able to pay for it on my own and didn’t have to worry about insurance covering it for me. For major issues, people go either to Manzanillo or Puerto Vallarta. There are primary care physicians here in town, but there is nothing major.”

Pharmacies

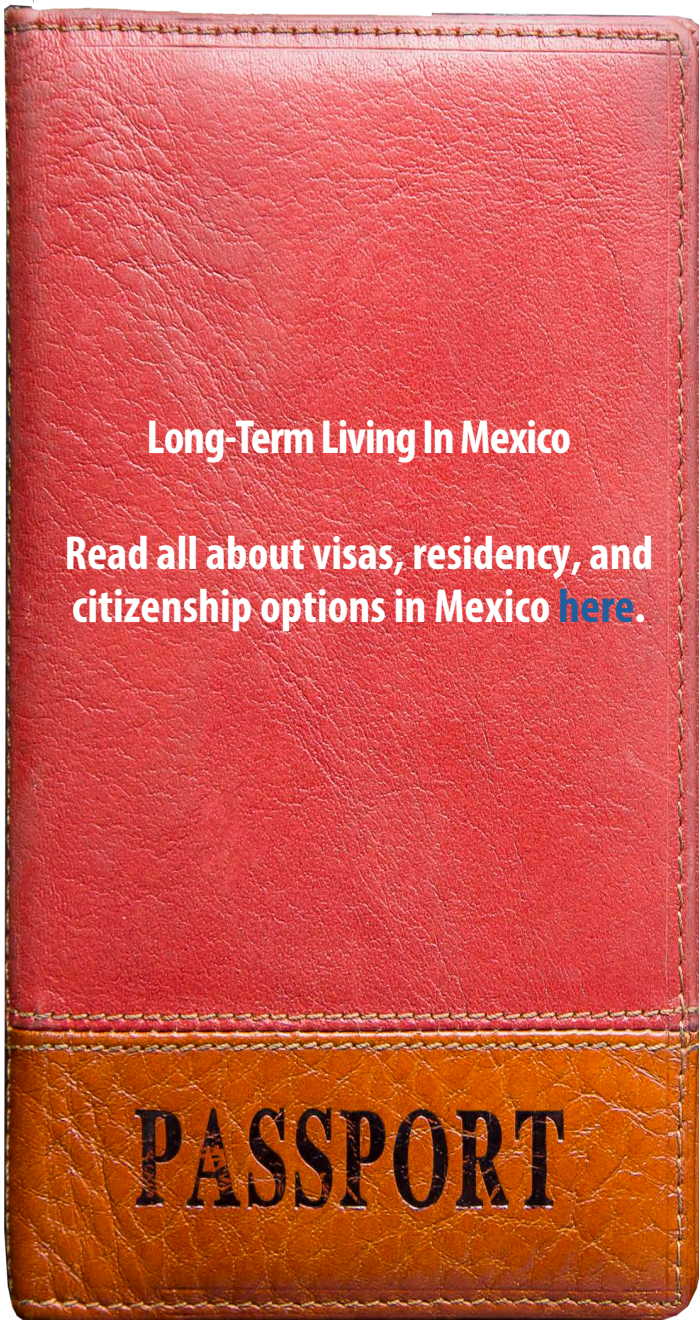
A few of the in-town doctors have their own pharmacy attached to their practice, but the favorite pharmacy of both locals and expats is Súper Farmacia Plaza, at López Mateos #48, on the corner on the Melaque plaza, for its greatest selection of medicines.



© Sean Anderson

Don't worry, be happy





Read all about visas, residency, and citizenship options in Mexico [here](#).

Bringing Your Pets

Officially, travelers bringing their dogs or cats into Mexico must obtain two documents beforehand:

-A Health Certificate issued by an official authority or by a licensed veterinarian provided that his signature is approved by a State Veterinarian, and

-Proof of vaccines against rabies and distemper, administered at least 15 days before the arrival of the pet in Mexico.

Several residents of Guanajuato (where I live most of the year) report that they have never been asked for the above documents for entry by land at the northern border. I still recommend that you obtain them.

Coming by plane is a different situation; the airlines may require these documents as will Mexican customs. Not all airlines and all airports can handle pets. One expat I spoke to commented that Continental Airlines has an excellent reputation for shipping pets. Check with the airlines to make sure they have pressurized cargo areas for pets, and that your destination airport can process the pet upon arrival.

Doing Business

Melaque and Barra de Navidad present both opportunities and pitfalls for expats wanting to start a brick-and-mortar business. My [“Interview with Barbara and Barry Lang”](#) describes how they developed an opportunity that has been very successful for them. The pitfalls are primarily related to the seasonality of the tourist trade, and the fierce competition from the very agile Mexicans. You can read more about setting up a business in this month’s bonus report [“Doing Business in the Bahía de Navidad.”](#)

To open a business, you’ll need to first obtain the immigration permission described above, then register with SAT as a taxpayer (registration is free). Then, according to the type of business you have, you’ll have to register with one or more state and municipal government departments, which may incur additional fees and taxes. For example, there are special registrations and fees for the sale of alcoholic products and for renting hotel rooms. Most folks, Mexican and foreign, hire an accountant to handle all these details, including filing the



© Mike Anderson
Expatriot-owned sidewalk restaurant in Melaque

periodic tax returns. (For more information on this see "[Doing Business in the Bahía de Navidad](#)").

Setting Up Everyday Basics

Banking

Melaque has a single bank, Banamex on Calle Gómez Farías, and Barra de Navidad does not have a bank. At Banamex, banking accounts are available to any foreigner, even U.S. citizens, if you have a valid passport, valid visa, U.S. Social Security Number (for Americans) proof of your address, usually a utility bill, and either 1,000 pesos or 4,000 pesos for the initial deposit, depending on the type of account. Banamex has friendly, secure online access, bank debit and credit cards, and standard checking accounts with paper checks. By law, the banks have to collect a 3% tax on cash deposits over the amount of 15,000 pesos (US\$1,141) per month. The Mexican tax authority, Hacienda, also views cash deposits as evidence of unreported income or money laundering, so you should be careful with large cash deposits.

Both Melaque and Barra de Navidad have Banamex exterior ATM machines that are connected to the international network, with menus in Spanish and English. You can use a bank debit card to draw out up to about 4000 pesos per day from your foreign bank account. ATM cash withdrawals incur a 29 peso withdrawal fee, so it makes sense to withdraw the largest amount possible each time you need money.

For the past three years, the peso exchange rate has been fluctuating between 12 and 14 pesos per U.S. dollar as the United States continues to monetize its debt -- the rate at the time of writing is 13.15 pesos per dollar. US\$1,500 dollars in cash can be exchanged per month with your passport ID if you have an account at the Banamex bank, only US\$400 if you don't have an account. Credit cards and U.S. dollars are accepted only at the largest hotels and restaurants, so you should plan on having cash pesos for just about all transactions. The official inflation rate here is higher than the, heavily manipulated, U.S. rate, and is currently 4.42%. The current official exchange rate is [here](#).

Hooking Up Utilities

Getting utility service (electric, water, telephone/Internet, or cable TV) is pretty straightforward once you know where to

go - some of the offices are in Cihuatlán or Manzanillo. You'll need to take an ID and some proof of ownership or occupancy of the property, such as a rental contract, property title or receipt for property tax, or another utility bill already in your name. If you have the most recently paid utility bill, bring it also. It takes just a few minutes to change the name on the service, and deposits are usually not required. If the service has not been paid up to date, you will have to pay the amount owed. In general, the utility services are staffed by friendly and helpful people and do what they can to help you get signed up. Utilities are usually paid in cash or by check or credit card in the offices of the utility companies. You can also pay utility bills at in-town locations (see the [List of Contacts](#) for all utility payment locations). A summary of costs is given in my "[Monthly Budget](#)."



Cool fog rolling in over Barra de Navidad

Shopping for Essentials

The nearby town of Manzanillo has some of the big-box stores familiar to North Americans - Wal-Mart, Office Depot, and Office Max as well as the Mexican big-box stores, La Comercial Mexicana, and Soriana. Home Depot is available in Colima, and Costco in Puerto Vallarta.

Mexican Taxes

Mexico has several taxes that affect Mexicans and foreigners alike. I can ascertain no difference in tax treatment for foreigners except that the foreigners voluntarily pay the official taxes and the Mexicans avoid them whenever practical. For Americans, the USA has a double-taxation treaty with Mexico, and allows Americans resident in Mexico to deduct Mexican taxes paid on their U.S. tax returns. This is a complex area and you must consult an accountant knowledgeable about international taxation issues.

The tax with the most impact on foreign residents in Mexico is the Value Added Tax (IVA), currently at 16%, that is embedded in most products and services. If you own real estate, you will pay a negligible annual property tax. If you have rentals, a business, or sell capital property, you will pay income tax from 17.5% to 30%. Taxes are a complex area, see this month's bonus report [“Doing Business in the Bahía de Navidad”](#) for more tax detail.



A mariachi serenade

Spanish, English, or Spanglish?

Barra de Navidad and Melaque are towns where basic English is more commonly spoken among the townsfolk, than many other parts of Mexico, due to the huge seasonal influx of visitors each year. A higher standard of English is spoken in the larger hotels and restaurants. Many professional people, such as bankers, notaries, professors, doctors and dentists, and immigration officials, speak, at minimum, basic English, as it is a requirement of their university studies. Otherwise on the street, the use of English is limited.

If you don't speak at least basic Spanish your interactions with Mexicans will necessarily be limited to the English-speaking people in the mainstream tourist industry and to other expats. In short, without basic Spanish, you won't see authentic Mexico. So, take some classes, and enrich your life.

Spanish Schools

Four weeks of Spanish instruction, say three to four hours per day, should be adequate to get you ready for daily activities and emergencies. (See my “List of Contacts” for Spanish schools.) You will get a lot of daily practice just doing routine activities such as eating out, shopping, and attending events. After acquiring a basic level of Spanish, I recommend that

you watch the telenovelas (soap operas). The telenovelas use a lot of street Spanish and common slang that will help you understand everyday Spanish. I promise you that your enjoyment of the Bahía de Navidad will increase as you learn Spanish and use it with the locals. The more Spanish you speak, the better it gets. A big smile, intermediate-level Spanish, and assimilation of the cultural differences will win you invitations to their parties and into their homes.

“Learning Spanish opened up the whole world. It's like, we're getting to know each other and we can know each other. And you can say to people, “How are you feeling? How are the kids? What's new?” You can get personal instead of doing all that, “I want this, I...I...” Now it's not about me all the time. That's the big difference.”

Sharon Fritz.



Secluded beach on the Punta de Coco

How To Get Going

Here are some ideas to help you form a plan and get you moving towards your dream retirement.

Find an inn, B&B, or vacation rental for at least two weeks (see: “Bahía de Navidad Hotels and Vacation Rentals” above). Vacation rental rates are quite reasonable, starting as low as US\$350 per week (in high season) for a fully equipped apartment or bungalow. Spend a week just enjoying the beaches, shops, restaurants, and the stress-free lifestyle.

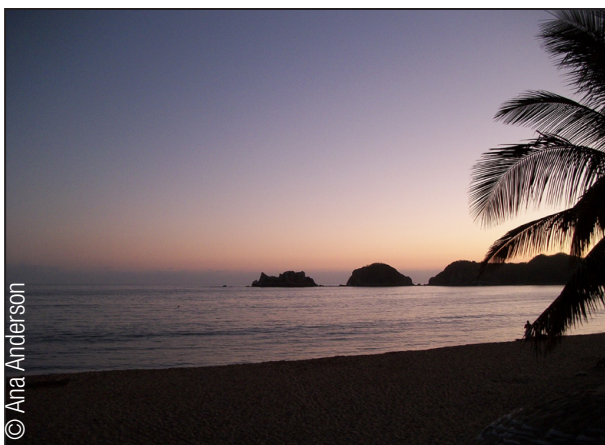
Talk to the resident foreigners you'll meet in the streets and restaurants, don't be bashful, just introduce yourself and ask them to tell you about their lives here. By the end of the first week, you'll have a good idea of the match between you and the Bahía de Navidad. Use the second week to investigate

both Melaque and Barra de Navidad, and their distinct neighborhoods, rentals, Spanish schools, and to arrange for your return trip (see my [“List of Contacts”](#)).

If you'll be a part-year resident, I recommend that you rent for a full winter period before committing to buy a house. Six months will give you time to discover not only the Bahía de Navidad's enchantments, but also its rough edges. Many of the rough edges have to do with the just adequate infrastructure and services such as occasional electrical outages, slow Internet access, inadequate storm drainage, and out-of-order ATMs, or with tourist saturation during high season. If you'll have a boat, check out the houses along the canals and the marinas. Use this rental period to improve your Spanish. Visit the surrounding towns, talk to every resident foreigner you run into, and peruse real estate agents and their listings (see the [List of Contacts](#)).

If you'll be a full-year resident, try renting for an entire year; the summer months are hot, and many of the restaurants and shops close for the off-season.

When you are finally convinced that the Bahía de Navidad is your future home and you want to purchase a house, make sure the property is outside the flood areas in Melaque and has a clean title. A good notary is indispensable to ensure your property rights.



Romantic Melaque beach

Hot, Friendly, and Rewarding

The Bahía de Navidad is a great vacation spot and an equally special place to live, but it won't be suitable as a full-year residence for everyone. Unless you love hot weather or can tolerate the heat and the expense of air conditioning, the area

is best suited for part-year residency. For the five to six winter months, the area is close to perfect - there is continuous sunshine, plenty of good restaurants, beach and ocean activities, beautiful landscapes and sunsets, and small-town friendliness. This is clearly demonstrated by the thousands of North Americans that reside here each winter. Life is slow, simple, and without stress. “Another perfect day in Melaque,” the signature song by the local band, the Grateful Gringos, captures the expat sentiment exactly.

To get the most benefit from living in this area, you should be somewhat adventurous, physically active, enjoy diverse activities, be able to assimilate and enjoy the cultural differences of Mexico, and be willing to learn some Spanish. Those with an entrepreneurial spirit may also find this area exciting and rewarding.



A simply beautiful Melaque sunset

“... The Simplicity Of The Life”

Long-time resident Steve Cotton sums it up for me, “The mixture of the sea and the weather for most of the year makes this a place I'd really like to stay, just because of its beauty. The other night I went down to the beach. It had been a month or so since I'd gone down to see a sunset; they are so unique here that I had forgotten just how beautiful the ending of the day can be, and it sort of brings out the romantic in you.

There's just something calming about that. There are people sitting on the beach or a few people are talking with one another, because they're just enjoying the experience of the close of a very nice day. I think that's probably it; I think the reason that a lot of people are drawn here is for the simplicity of the life.”

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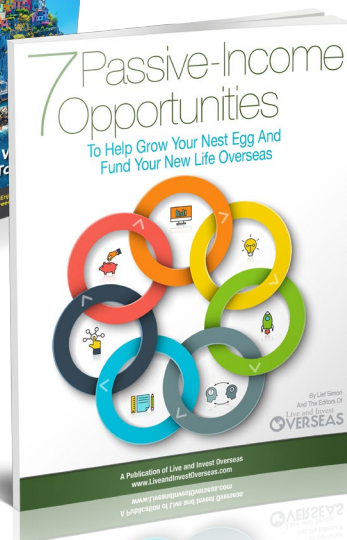
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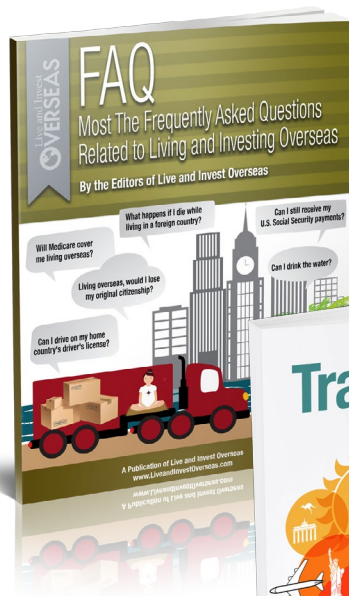


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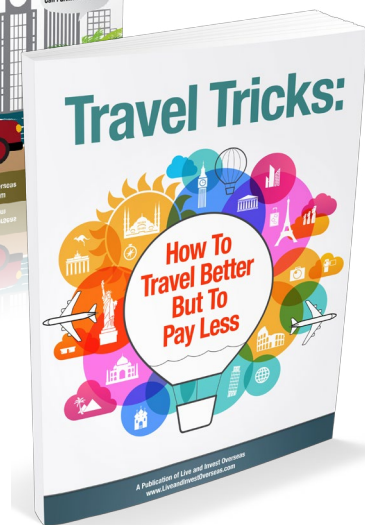


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